GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:235
ANSWERED ON:19.11.2007
EXPORT OF MODERN AND PROCESSED CLOTHES
Dhumal Prof. Prem Kumar

Will the Minister of TEXTILES be pleased to state:

(a) whether textile industry is one of the largest and most important sector in the country in terms of the production, employment generation and foreign exchange earner;

(b) if so, whether weaving and processing sector is not working satisfactorily in absence of modernisation; and

(c) if so, the measures taken by the Government to boost export of modern and processed clothes of weaving and processing sector as another value added item ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) & (b): Yes, sir.

(c): In order to boost the export of modern and processed clothes of weaving and processing sector as another value added item, Government has taken a number of measures as furnished in the Annexure.

Annexure

Important measures taken by the Government in the recent past to help the textile sector

(i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing the contamination through upgradation of cotton market yards and modernisation of Ginning & Pressing factories.

(ii) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector. The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

(iii) For speedy modernisation of the textile processing sector, Government has introduced w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(iv) To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public- Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP) " has been introduced in August 2005.

(v) In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

(vi) To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget, the customs duty on textile machinery has been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.

(vii) In 2005-06 Budget, 30 items of knitting and knitwear have been de-reserved. This would facilitate setting up of large sized modernized units for meeting the international competition.

(viii) In the Budget 2006-07 the following important announcements for the textile sector were made:-

Reduction in the excise duty on all man-made fibre yarn and filament yarn from 16 per cent to 8 per cent.
Reduction in the import duty on all man-made fibres and yarns from 15 per cent to 10 per cent.
Reduction in the import duty on raw materials such as DMT, PTA and MEG be from 15 per cent to 10 per cent.
Provision of Rs.189 crore during 2006-07 for the Scheme for Integrated Textiles Parks (SITP)

(ix) In the Budget 2007-08 the following important announcements for the textile sector have been made:-

$ Enhancement in provision under the Scheme for Integrated Textiles Parks (SITP) from Rs.189 crore in 2006-07 to Rs.425 crore in 2007-08.
$ Continuation of the Technology Upgradation Fund (TUF) Scheme in the Eleventh Plan with enhanced allocation of Rs.911 crore in 2007-08 from Rs.535 crore in 2006-07
$ Enhancement in the allocation for the Handloom sector from Rs.241 crore in 2006-07 to Rs. 321 crore for 2007-08.
$ Reduction in the customs duty on polyester fibres and yarns from 10 per cent to 7.5 per cent.

(x) Government has launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.

(xi) In order to cater to the growing skilled manpower requirements at shop floor level, Government is providing assistance for strengthening existing and opening new Apparel Training and Design Centres (ATDCs).

(xii) Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

(xiii) Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

(xiv) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry. This has resulted in an increased demand for trained professionals in various sectors servicing the industry.

(xv) To take a serious look at Fashion Education in the changing business context of the opening up of World Economies, Government is taking steps for:-

@ Establishing an institution of National Excellence for imparting Fashion Business Education with International Benchmarking.
@ appointing a nodal agency for standardizing and benchmarking Fashion Business Education in the country.
@ Setting up an Apex Body to train the teachers / trainers imparting Fashion Business Education in the country.